



CITY OF KIRKLAND

Department of Public Works

123 Fifth Avenue, Kirkland, WA 98033 425.587.3800

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: David Snider, P.E., Capital Projects Manager
Pam Bissonnette, Interim Public Works Director

Date: November 25, 2013

Subject: NE 85TH Street Corridor Project - Status Update & Authorization to Bid

RECOMMENDATION:

It is recommended that the City Council:

- Reviews a status update for the Project, including the successful results of the recent Transportation Improvement Board (TIB) grant selection process,
- Approves the final channelization plan for the Corridor,
- Approves the staff recommended Project funding for completing certain elements of the Project as soon as possible, and
- Authorizes staff to advertise for contractor bids for one bidder package for the NE 85th Street Corridor Project, including NM 0051, TR 0078, TR 0080, WA 0140 and SD 0025.

BACKGROUND:

The NE 85th Street Corridor Project is the largest, longest running non-facility Capital Improvement Project ever undertaken by the City. The overall corridor enhancement Project includes the following separate CIP projects:

1. NM 0051 – Rose Hill Business District Sidewalks
2. TR 0078 - NE 85th Street & 132nd Ave NE Intersection Improvements
3. *TR 0079 – NE 85th Street & 114th Ave NE Intersection Improvements (complete)*
4. TR 0080 - NE 85th Street & 124th Ave NE Intersection Improvements
5. *ST 0006 002 - NE 85th Street One-Time Overlay (to be completed in 2015)*
6. SD 0025 - NE 85th Street Detention and Sediment Control
7. WA 0140 – NE 85th Street Watermain Replacement
8. *ST 0075 – NE 85th Street Utility Conversion (complete)*

The transportation elements of the Project (numbers 1 - 5 above) represent a partnership between the City, Sound Transit and the State for the creation of a vibrant transportation corridor. At the current time, two of the eight individual projects are complete (numbers 3 & 8) and one project (number 5) will be the final element of the whole Corridor Project as a State and Federal grant funded street overlay to be done in 2015. As planned, the whole Project will

provide motorized and non-motorized improvements, utility upgrades, and enhancements to transit service and the eventual complete overlay of the roadway's surface, between 114th and 132nd Avenues NE.

At their July 2, 2013, Study Session, City Council received a full overview of the Project's history, with its past challenges and successes, as well as identified funding obstacles facing this ten-year old Project (Attachment A).

As reported to City Council in July, approximately \$10.3M has been spent on the accomplishments of the Corridor Project, as follows:

Table 1: Expenditures to-date by Individual CIP Project

	Storm Drain	Undergrounding	Sidewalk	Signal 132 nd	Signal 114 th	Signal 124 th	Total by Category
	SD 25	ST 75	NM 51	TR 78	TR 79	TR 80	
Design/ROW Services	60,619	200,433	1,144,823	520,470	467,962	304,834	\$ 2,699,141
In-house Engineering	46,682	229,598	513,617	164,287	211,470	145,538	\$ 1,311,192
Right of Way	-	328,435	1,596,761	81,683	-	-	\$ 2,006,879
Inspection & Testing	-	307,377	180,493	81,924	69,272	54,625	\$ 693,691
Construction	-	975,921	1,366,183	371,194	587,970	288,831	\$ 3,590,099
Total by project	\$ 107,301	\$ 2,041,764	\$ 4,801,877	\$ 1,219,558	\$ 1,336,674	\$ 793,828	\$ 10,301,002

For the July meeting, staff had also analyzed overall revenues and anticipated costs to complete the Project and, as reported, the following table compares the then (and currently) estimated shortfall, as follows:

Table 2: Anticipated Expenditures by Individual CIP Project

Expenditures - By Project		CIP - - Expenses ⁽¹⁾	Revised Estimate	Variance:
Surface Water Improvements	SD 25	621,800	371,687	250,113
Underground conversion	ST 75	1,665,000	2,691,475	(1,026,475)
Sidewalks, landscaping and lighting	NM 51	4,372,287	7,666,468	(3,294,181)
Intersection Improvements at 132nd Ave	TR 78	2,564,400	2,149,850	414,550
Intersection Improvements at 114th Ave	TR 79	2,562,000	1,336,675	1,225,325
Intersection Improvements at 124th Ave	TR 80	1,687,300	2,022,304	(335,004)
Overlay	ST 06	1,122,000	1,468,040	(346,040)
Subtotal per improvements		\$ 14,594,787	\$ 17,706,499	\$ (3,111,712)

(1) Combination of the 2013-2018 CIP adopted Dec 2012 plus 85th Street corridor projects previously funded through the CIP process

At the same time, the revised CIP identified an approved amount of \$14.1M in available funding for the Corridor improvements, resulting in an anticipated budget shortfall of nearly \$3.6M:

Table 3: Available Funding Sources

Funding by Source:		Initial CIP - - Funding ⁽¹⁾	Revised Funding Estimate	Variance:
General Fund		7,598,587	7,600,967	2,380
Impact Fees		1,399,300	1,399,300	-
Sound Transit		4,222,000	3,734,460	(487,540)
Surface Water		1,374,900	1,374,900	-
				-
Subtotal:		\$ 14,594,787	\$ 14,109,627	\$ (485,160)
Subtotal of expenditures by Project from above				\$ (3,111,712)
GRAND TOTAL ⁽²⁾ :				\$ (3,596,872)
(1) Combination of the 2013-2018 CIP adopted Dec 2012 plus 85th Street corridor projects previously funded through the CIP process				
(2) The \$3,596,872 deficit is a combination of the projected increase in Project cost and known lower Sound Transit funding				

The \$3.6 M shortfall identified above does not include the revised budget for the watermain replacement (WA 0140). The additional cost for the watermain (approx. \$953K) was first documented in the July Study Session Memo (Attachment A), and has been reconciled within the *2013-2014 Mid-Biennial Budget Adjustment and 2013-2018 CIP Update*, under separate memo for the December 10 meeting. The recommended funding for the watermain comes through reprioritization of other utility projects.

Included within the July report to City Council (Attachment A), a number of options for completing the Corridor enhancements were provided. At the conclusion of the Study Session discussions, City Council gave clear direction for staff to move forward with completing the Project as originally envisioned. Council also directed staff to pursue external funding through the 2013 Transportation Improvement Board (TIB) grant application process, as a means to help the general government side of the following individual funding source deficits:

- TOTAL Deficit (Table 3)= \$3,596,872
- Impact Fees = (\$ 351,805)
- Surface Water Utility = (\$ 18,410)
- General Government = **\$3,226,657**

In pursuing the direction given by City Council at the July Study Session, staff submitted a TIB grant application in August. Based on analysis of past TIB grants, Kirkland's goal was to receive between \$1M and \$2M for the project. On November 21, 2013, the successful grant recipients were announced with the City of Kirkland being awarded \$1,450,000 in State funds. These funds that are eligible for immediate use on a reimbursement basis for work activities completed after a grant agreement is signed (i.e., grant funds are not available retroactively).

With the award of the TIB Grant funds, the City's contribution of general government funds needed to complete the Project, as originally envisioned, is reduced to \$1,776,657.

The remaining funding of \$1,776,657 can be achieved using the following recommended resources:

- The reprioritization of CIP Project ST 006-003 - Milling Machine, budgeted at \$500,000 and currently a low priority on the list.
- Funding from closure of CIP project (CTR - 0070 NE 124th St. Intersection Improvements), with over \$500,000 being returned to REET reserves.
- REET Reserves not currently programmed in the CIP - The actual 2012 REET 1 receipts exceeded the budget by over \$2.0 million, which has yet to be appropriated for CIP projects. Given the significant City priority this project represents, a portion of this balance is recommended to be used for the remaining \$776,657 (with the final amount adjusted based on the funds available from the project closure).

A fiscal note documenting this adjustment is attached. This fiscal note is not reflected in the CIP update due to timing issues but will be incorporated into the next budget adjustment in 2014.

Channelization

As per the Kirkland Comprehensive Plan, the City Council is required to approve the final roadway channelization plan (i.e., lane striping, median islands, etc.) whenever changes are made. In the case of the NE 85th Street Corridor Project, certain enhancements have been designed into the final plans for the Project. As a part of the design process, staff met often with individual property and business owners along the corridor to keep them informed on the planned changes and worked through a few individual concerns for access control to and from certain properties. Staff also presented the channelization to the Transportation Commission for concurrence and, as part of that iterative process; the following changes to the arterial have been made (see Attachment C):

- NE 85th St and 120th Ave NE - Revised the length of the westbound left-turn pocket and modified the existing c-curbing; revised the crosswalk markings locations at the intersection.
- NE 85th St and 122nd Ave NE - Revised the length of the eastbound left-turn pocket and modified the existing c-curbing; revised crosswalk markings at the intersection and added a raised center median at westbound approach and eliminated the existing two-way left-turn lane.
- NE 85th St and 124th Ave NE - Widening to allow for eastbound to northbound future dual left-turn movement; one eastbound to northbound travel lane will be striped. Added a raised center median at westbound approach and eliminated the existing two-way left-turn lane and revised crosswalk markings at intersection.
- NE 85th St and 126th Ave NE - Added c-curbing along NE 85th St; relocated stop bars on side street approaches.

- NE 85th St and 131st Ave NE - Added c-curbing on east side of intersection to extend eastbound left-turn pocket at 132nd.
- NE 85th St and 132nd Ave NE - Extended eastbound left-turn pocket; added northbound and southbound along bike lanes 132nd Ave NE; extended northbound left-turn lane and added northbound right-turn and extended southbound left-turn lane and relocated southbound stop bars locations.

Per the requirement of the Comprehensive Plan, staff is recommending that the City Council approves the final channelization plan. Changes made to the channelization plan negligibly contributed to the overall Project cost increase.

Authorization to Advertise

Given its importance to the City, overall community expectations, and the significant amount of external funding available for the Project, staff recommends proceeding with the full Project based on the City's proposed funding, as recommended above. In order to comply with TIB grant requirements, the plans, specifications and a certified engineer's estimate will be presented to TIB staff for its approval and concurrence as soon as possible in order to advertise for contractor bids. With funding in-place, the Project can be advertised within one to two months, followed by a mid-winter 2014 bid opening and a City Council award action in late-winter to early-spring, 2014; substantial completion of the sidewalk, intersection, surface water and water utility improvements are scheduled to occur in 2014 with total Project completion coming in summer of 2015, after the application of a full street overlay during the warm weather months.

Staff recommends that the City Council authorizes the advertisement for contractor bids on the following 5 CIP projects (most of the major remaining elements of the NE 85th Street Corridor Project) as a complete bid package. The advertisement will occur as soon as the TIB approves the advertisement of the transportation-only grant eligible components (1, 2 & 3 below):

Grant Eligible

1. NM 0051 – Rose Hill Business District Sidewalks
2. TR 0078 - NE 85th Street & 132nd Ave NE Intersection Improvements
3. TR 0080 - NE 85th Street & 124th Ave NE Intersection Improvements

Non-Grant Eligible

4. SD 0025 - NE 85th Street Detention and Sediment Control
5. WA 0140 – NE 85th Street Watermain Replacement

Attachment A – July 2, 2013 Study Session Memo
Attachment B – Channelization Plan
Attachment C – Fiscal Note

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MEMORANDUM

To: Kurt Triplett, City Manager

From: David Snider, P.E., Capital Projects Manager
Ray Steiger, P.E., Deputy Public Works Director
Pam Bissonnette, Interim Public Works Director

Date: June 6, 2013

Subject: NE 85TH Street Corridor Project Update

RECOMMENDATION:

It is recommended that Council conducts a study session with staff in order to receive an update on the overall NE 85th Street Corridor Project and provide direction on project modifications and/or budget. Staff is recommending that the full project proceed in December after seeking a state Transportation Improvement Board (TIB) grant.

BACKGROUND:

The NE 85th Street Corridor enhancement is the largest, longest non-facility Capital Improvement project ever undertaken by the City. In 2001 the City Council formally adopted the NE 85th Street Subarea Plan; it was further updated in 2007. The Plan recognizes the importance of NE 85th Street as a vibrant commercial transportation corridor, a gateway to and from Redmond, and a neighborhood boundary for both the North and South Rose Hill Neighborhoods. The corridor business district also accounts for the City's second highest level of economic activity based on total sales tax revenue (\$2.2M in 2012). Development of the vision for the NE 85th Street corridor was a community based effort that brought together residents, businesses, and the City. The Plan is formalized in the City's Comprehensive Plan.

The NE 85th Street corridor developed over the decades within the jurisdiction of unincorporated King County. Until 2010, NE 85th Street was under the ownership of the Washington State Department of Transportation as SR-908. As such, development standards and patterns were consistent with highway access and minimal pedestrian features. Over time as growth and annexation (1988) brought NE 85th Street into the city limits of Kirkland, patterns of development became more urban in nature; however many of the properties remained as they had been since first being developed. Many in the community expressed hope that this critical

arterial could be transformed from a highway to an attractive and inviting gateway to the city. Therefore, improving the look and feel, creating an inviting pedestrian experience, improving transit access, and attracting and retaining businesses to NE 85th were central themes in the NE 85th Street Subarea Plan.

The NE 85th Street Subarea Plan identified a number of specific improvements that would facilitate the redevelopment of the NE 85th Street corridor from a drive to/through arterial to a safer and more vibrant pedestrian and commercial destination. An overall vision and key goals and principals were adopted to guide the redevelopment of the corridor. Several goals included requiring private property owners to adhere to new standards for building locations, landscaping, and other neighborhood focused design. Some of the goals and policies were put in place to help guide public investments either through capital expenditures or partnerships with various agencies. Public ownership goals include:

Goal NE85-6: Transform NE 85th Street from a transportation system dominated by the use of automobiles to a system having a balance among the transportation modes.

Goal NE85-9: Improve pedestrian safety and enhance the pedestrian environment throughout the Subarea, with particular attention to NE 85th Street itself.

Goal NE85-11: Encourage transit and consider high-occupancy vehicle (HOV) usage on NE 85th Street to improve local and regional mobility.

Goal NE85-12: Pursue ongoing and effective inter-jurisdictional coordination on transportation issues affecting the NE 85th Street Subarea.

Goal NE85-15: Observe all citywide sensitive areas policies and development regulations when developing or redeveloping properties in the Subarea.

Goal NE85-17: Provide coordinated streetscape improvements throughout the Subarea that enable pedestrians, drivers, bicyclists, and other users to have a safe, pleasant experience.

Partnership with Sound Transit

At approximately the same time that the NE 85th Street Subarea Plan was being developed, Sound Transit, through Sound Move II, had begun discussions with the City regarding a number of projects that would enhance transit to Kirkland. In 2003, in partnership with Sound Transit, the City Council formulated the Rose Hill Business District Advisory Group to begin to study and guide how Sound Transit would be able to enhance bus service, specifically the Route 540 from Redmond to the University of Washington through Kirkland. The NE 85th Street corridor provided a critical link in the route. Improved travel time and greater ridership were goals that both Sound Transit and Kirkland shared. An agreement between Sound Transit and the City of Kirkland in 2004 resulted in Kirkland assuming responsibility for the design and construction of the corridor improvements. Sound Transit agreed to provide approximately \$3.75 M in funding for their share of the improvements which included improvements to intersections at 114th Ave NE, 124th Ave NE, and 132nd Ave NE and associated sidewalks to improve pedestrian access to

transit. The Sound Transit money is transferred to Kirkland only after each improvement is completed. Sound Transit also agreed to provide funding for art. In 2005, in recognition of the mutual benefits to Kirkland and Sound Transit, the Council provided local funding in the amount of \$7.92 M for improvements along the NE 85th Street corridor that could be done in conjunction with the Route 540 enhancements.

Improved sidewalks, intersection improvements at 132nd Ave NE, 124th Ave NE, and 114th Ave NE, as well as surface water improvements to the under designed storm system along NE 85th Street were funded by Kirkland in the City's CIP. In 2006, after considerations of various scopes of work and available funding, the City Council provided an additional \$1.66 M to the 86th Street projects so that the above ground utilities could be converted to underground facilities. This investment leveraged over \$1M in work performed by various utility companies and was designed to significantly improve the look and feel of the corridor.

Taking Ownership of NE 85th Street

In early 2010, the City of Kirkland was approached by the Transportation Improvement Board staff with an inquiry into Kirkland's receptiveness of assuming control of NE 85th Street (at the time SR-908) between I-405 and the City of Redmond at 132nd Ave NE. Redmond had also been seeking to assume control over their section of SR-908 between their downtown and the Kirkland City limits in order to realize their vision for downtown traffic modifications. The process of a Route Jurisdiction Transfer (RJT) was established by the State legislature and enabled moving a select category of State routes into local control and regulation. The candidate route needed to be determined to be redundant with other parallel or nearby State routes, supported by the receiving jurisdictions, amenable to the State DOT, and be formally transferred by the Legislature. SR-908 between 520 and I-405 (Lake Washington Boulevard to Lake Street to Central Way) was transferred through the same process in approximately 1990.

Kirkland (and Redmond) assuming local control of the route allowed design and regulation using local standards. Although local standards comply with all safety and design requirements, State DOT staff would be required to review and approve any lane modifications, signal operations, driveway cuts, plantings, and so on if it remained a State route. Not necessarily prohibitive, the state review and approval process adds time and costs to any modifications of the roadway. In certain circumstances, deviations from State standards *would* be prohibited. Assumption of NE 85th Street allowed the higher level of local control necessary to achieve the vision of the NE 85th Street Subarea Plan.

SR-908 met all of the requirements and was transferred to Kirkland and Redmond in June, 2010. Kirkland required that funding for costs associated with an overlay of the degrading roadway (PCI of 27) be included in the RJT; Redmond had a similar condition and completed the overlay of their portion of the former SR 908 in 2012. WSDOT agreed to provide Kirkland \$1,122,000 for the overlay within Kirkland's jurisdiction.

The NE 85th Street Watermain Project

A separate project, a trunk line watermain replacement along NE 85th, was approved by the Council in 2012 in the amount of \$3,039,000. The watermain project was identified as a significant priority in accordance by the City's Water Comprehensive Plan for capacity and fire

flow needs. The existing main is over 50 years old and has experienced costly and highly visible emergency repairs over the past 10 years. Doing the watermain project concurrent with the NE 85th Street project would save money for both projects by creating economies of scale and synchronized construction management. More importantly, combining the projects would limit the impact and cost to the community by preventing a second major construction project on NE 85th (the watermain) that would otherwise follow within a few years of the street and sidewalk improvements and overlay.

The original budget approved in 2012 of \$3,039,000 was based on a planning level estimate from the Water Comprehensive Plan consultant. After Council approval the City's engineering consultant re-estimated the project cost at \$3,992,000. This new cost is based on final design, and the determination that a disproportionately high share of the savings from the efficiencies captured by combining the 85th Street project and the watermain project was allocated to the water project. A stand-alone watermain project is currently estimated at \$4,473,000 demonstrating that a larger share of the costs to gain efficiencies of combining construction should be borne by the Watermain project. Elements included in the increase for a stand-alone project are contractor mobilization, traffic control, sediment and erosion control, construction signage, public outreach, and a full lane width asphalt overlay. Based on combining the watermain project with the 85th Street Corridor project for more efficient project delivery, a budget increase of \$953,000, for a total Watermain project budget of \$3,992,000, is recommended. This results in a reduction in cost of about \$700,000 to the 85th Street Corridor project. This savings to the 85th Street Corridor project is reflected in all subsequent budget tables.

		Revenue	Revised Expenditure Estimate	Surplus/(deficit):
Watermain Project	WA 014	3,039,000	3,992,152	(953,152)

Progress To Date

A complete history to date and a map of the project, including the watermain project, are attached (Attachments A & B). Attachment C shows several before and after pictures of the project to date.

Since beginning the project, a number of objectives of the 85th Subarea Plan have now been accomplished:

- New and complete sidewalks and roadway have been installed along both sides of 124th Ave NE between NE 80th Street and NE 90th Street (Attachment C);
- 99% of all property needed to construct the remainder of the improvements has been acquired;
- Accommodation has been made for the new Intelligent Transportation System (ITS) through the corridor which was not originally envisioned;
- New video detection has been installed through the corridor improving operational flexibility in changing signal coordination during normal and construction activities;

- The underground conversion of overhead utilities has now been completed, and conduit is installed between 128th Ave NE and 132nd Ave NE to facilitate future redevelopment;
- Intersection improvements at 114th Ave/NE 85th have reduced morning peak delays from the Highlands neighborhood;
- Kirkland has assumed control and responsibility of NE 85th Street from the WSDOT, assuming coordination of design and construction for the corridor improvements, and easing development coordination;
- Approximately \$5 M of external funds have been secured from both Sound Transit and the Washington State Department of Transportation which have been leveraged with local funding;
- A completely new primary supply watermain between 132nd Ave NE and 114th Ave NE has been fully designed and is ready to be bid for construction concurrent to or prior to the corridor improvements;
- Construction ready sets of plans for the remaining corridor elements are complete;
- And lastly, there is an engaged business community through the creation of the Construction Advisory Group (CAG) and robust community outreach developed for the corridor.

As of May, 2013, approximately \$10,301,000 has been expended on the accomplishments of the project as follows:

	Storm Drain	Undergrounding	Sidewalk	Signal 132 nd	Signal 114 th	Signal 124 th	Total by Category
	SD 25	ST 75	NM 51	TR 78	TR 79	TR 80	
Design/ROW Services	60,619	200,433	1,144,823	520,470	467,962	304,834	\$ 2,699,141
In-house Engineering	46,682	229,598	513,617	164,287	211,470	145,538	\$ 1,311,192
Right of Way	-	328,435	1,596,761	81,683	-	-	\$ 2,006,879
Inspection & Testing	-	307,377	180,493	81,924	69,272	54,625	\$ 693,691
Construction	-	975,921	1,366,183	371,194	587,970	288,831	\$ 3,590,099
Total by project	\$ 107,301	\$ 2,041,764	\$4,801,877	\$1,219,558	\$1,336,674	\$ 793,828	\$ 10,301,002

Budget Update

Now that right-of-way acquisition and the underground conversion have been physically completed, staff recently updated the scope, schedule and budget for completing the project. Several large elements of the project had not been updated over the years as ROW acquisition was occurring. That has now been done and there are not sufficient funds allocated to the project to complete it. As a result, staff needs to update the City Council on the status of the project and to provide options for consideration on how to proceed.

Throughout the development of the project, a number of complicating factors have been brought to the Council with discussions of the potential impacts. However staff did not request budget increases from the Council as a result of these issues for two main reasons. First, it was hoped that the bidding climate during the Recession might allow enough savings to cover the gaps (Attachment D). And second, since there was still a large fund balance, staff did not want

additional monies remaining "idle" in the 85th Street project while other projects needed money. This resulted in all new NE 85th budget requests accumulating at the end of the project. Under our new capital project management system, that will change.

Some of the complicating issues were:

- Termination of the original underperforming design consultant in 2008 and destruction of his work product by a fire requiring the work to be redone;
- Extensive delays and additional costs experienced in the property acquisition process involving approximately 100 property owners;
- Unanticipated final costs for the Underground Conversion; and
- Uncertainty and fluctuations in bids brought about through the recession of 2007-2010.

In addition, other factors have impacted the project in both cost and schedule:

- PW did not propose budget adjustments for each active project within the overall corridor project through the CIP processes throughout the project duration given that the overall project funding had not been expended; and
- Delays and performance by franchise utilities in underground conversion design and construction.

Updated Estimates

Staff has analyzed project revenues and anticipated costs to complete, and with each issue documented opportunities for improvements. In May of 2013, the Project is markedly different in both timing and scope than was envisioned in 2007. A comparison of the original project schedule to that anticipated at completion is shown in Attachments E1 and E2. A comparison of the original project budget estimates is summarized in the following table.

Expenditures - By Project		CIP - - Expenses ⁽¹⁾	Revised Estimate	Variance:
Surface Water Improvements	SD 25	621,800	371,687	250,113
Underground conversion	ST 75	1,665,000	2,691,475	(1,026,475)
Sidewalks, landscaping and lighting	NM 51	4,372,287	7,666,468	(3,294,181)
Intersection Improvements at 132nd Ave	TR 78	2,564,400	2,149,850	414,550
Intersection Improvements at 114th Ave	TR 79	2,562,000	1,336,675	1,225,325
Intersection Improvements at 124th Ave	TR 80	1,687,300	2,022,304	(335,004)
Overlay	ST 06	1,122,000	1,468,040	(346,040)
Subtotal per improvements		\$ 14,594,787	\$ 17,706,499	\$ (3,111,712)

(1) Combination of the 2013-2018 CIP adopted Dec 2012 plus 85th Street corridor projects previously funded through the CIP process

The CIP identified \$14,595,000 in funding for the Corridor improvements; however, the actual revised funding is \$14,110,000. This difference is due to an error in calculating the available

Sound Transit funding as a percentage of project costs in the CIP rather than a fixed dollar amount per the contract. The following table summarizes the current CIP and revised estimates by project and by funding source.

Funding by Source:		Initial CIP - - Funding ⁽¹⁾	Revised Funding Estimate	Variance:
General Fund		7,598,587	7,600,967	2,380
Impact Fees		1,399,300	1,399,300	-
Sound Transit		4,222,000	3,734,460	(487,540)
Surface Water		1,374,900	1,374,900	-
				-
Subtotal:		\$ 14,594,787	\$ 14,109,627	\$ (485,160)
Subtotal of expenditures by Project from above				\$ (3,111,712)
GRAND TOTAL ⁽²⁾ :				\$ (3,596,872)
(1) Combination of the 2013-2018 CIP adopted Dec 2012 plus 85th Street corridor projects previously funded through the CIP process				
(2) The \$3,596,872 deficit is a combination of the projected increase in Project cost and known lower Sound Transit funding				

Estimate to complete

With a number of project elements now constructed, a different bid climate, and design of the remaining elements complete, staff and their consultant have updated expenditure estimates to accomplish the overall Corridor improvements as envisioned. Including all associated costs, the Corridor estimate is approximately \$17,707,000 or about \$3,600,000 above the current funding authorization.

		Revised Funding Estimate*	2013 Estimate of Project Costs**	Surplus/(deficit)
Surface Water Improvements	SD 25	621,800	371,687	250,113
Underground conversion	ST 75	1,817,000	2,691,475	(874,475)
Sidewalks, landscaping and lighting	NM 51	4,142,510	7,666,468	(3,523,958)
Intersection Improvements at 132 nd Ave	TR 78	2,135,578	2,149,850	(14,272)
Intersection Improvements at 114 th Ave	TR 79	2,624,100	1,336,675	1,287,425
Intersection Improvements at 124 th Ave	TR 80	1,646,639	2,022,304	(375,665)
Overlay	ST 06	1,122,000	1,468,040	(346,040)
Subtotal per Improvement		\$ 14,109,627	\$ 17,706,499	\$ (3,596,872)

*Revised Funding Estimate is a combination of the known lower Sound Transit funding and concomitant revenue received

**Incomplete projects re-engineered and adjusted for inflation; Projects ST75 & TR 79 are completed

Additionally, due to limitations on how certain funding can be spent (e.g. surface water funding cannot be spent on right of way, etc.) the total shortfall for the complete project by funding source is as follows:

General Government	3,226,657
Impact Fees	351,805
Surface Water Utility Fund	18,410

The "Gap"

A number of factors contributed to the projected shortfall.

Past expenditure factors impacting the Project:		
		Comments
Expenditure:		
GSA Expenditures	1,095,298	Portion of consultant costs incurred from termination and fire damage
ROW acquisition	926,224	Additional expenses incurred to acquire ROW
Underground Conversion	874,475	Actual project cost greater than budget
Expenditure Subtotal:	\$ 2,895,997	
New expenditure factors impacting the Project:		
		Comments
Expenditure:		
ADA Changes	249,055	Impact of federal regulation changes, Project includes 44 ADA ramps
Art 1% of Construction Projects	58,166	Sound Transit spent their funding for art without producing an art feature
Engineering & Inspection costs	1,000,268	Project scope and schedule changed. Impact of project delay over 6 years
Expenditure Subtotal before inflation applied:	\$ 1,307,489	
Inflation adjustment	\$ 1,110,000	Impact of inflation not recognized in the CIP
Expenditure Subtotal with inflation:	\$ 2,417,489	
TOTAL of Expenditure Factors impacting the Project:	\$ 5,313,486	
Sound Transit Revenue error	485,160	Described Earlier
Total Project Shortfall	\$ 5,798,646	
Factors positively impacting the project:		
Recognize efficiencies	(1,287,425)	Savings from TR79 signal project
Re-apportion to watermain	(700,000)	Reflect appropriate allocation of costs based on revised estimates to the watermain project
	3,811,221	

Inflation was not added to uncompleted projects during the last three updates of the CIP because the bid climate was favorable, as compared to the assumptions that were contained in the initial project budget estimates. Given that, and that there was substantial funding remaining in the overall project's bottom line, staff, in reports to Council, stated the intention to request additional budget based on actual bids when they would be awarded. The intent was

to leave funds that would otherwise have been programed to offset inflation in the 85th Street Corridor Project for other projects since the Corridor project was being delayed due to R/W acquisition difficulties. Unfortunately, the bid climate was not sufficiently favorable to erase the costs of inflation and other elements of the project cost increases. Project delays are shown in Attachment F. The updated project is now ready for the bidding of its final elements.

Completion Options

At this point, staff is seeking City Council direction on whether to add funding, down-scope the Project, or a combination thereof to complete the Corridor.

Elements that remain incomplete include the construction of sidewalks, curb, and gutter along NE 85th Street, intersection improvements at 124th Ave NE and 132nd Ave NE, completion of the watermain, and completion of the storm drain improvements and the final paving. Due to the projected revenue shortfall to complete the Corridor, staff has prepared options for Council consideration.

A. Option 1 - Complete the Project as originally envisioned: Additional need of \$3,226,657 from General Government Sources. Seek TIB funding first. (Staff Recommendation)

Details of necessary funding by Project are as follows:

		Option 1		
		Complete as Envisioned		
		Funding Necessary		
		Surplus/(deficit)		
		Gen Govt	Utility (Surface Water)	TOTAL:
Surface Water Improvements	SD 25	-	250,113	250,113
Underground conversion	ST 75	(741,610)	(132,865)	(874,475)
Sidewalks, landscaping and lighting	NM 51	(3,581,744)	57,786	(3,523,958)
Intersection Improvements at 132 nd Ave	TR 78	72,556	(86,828)	(14,272)
Intersection Improvements at 114 th Ave	TR 79	1,290,131	(2,706)	1,287,425
Intersection Improvements at 124 th Ave	TR 80	(271,755)	(103,910)	(375,665)
Overlay	ST 06	(346,040)	-	(346,040)
Total per improvements		\$ (3,578,462)	\$ (18,410)	\$ (3,596,872)

1. Components of the Project that remain to be completed:

- All signal related improvements including 124th Ave NE and 132nd Ave NE which are intersection improvements to support ITS
- ADA compliant Sidewalks and crossings, landscaping and lighting on both sides of NE 85th Street from 120th Ave NE to 132nd Ave NE

- Roadway resurfacing NE 85th St (PCI is 27, Kirkland standard is 70)
- Stormwater controls to improve water quality to Forbes Lake

2. Pros

- Overall Corridor vision is realized
- Maximize use of external funding
- Engaged Construction Advisory Group
- Example of long range planning efforts being realized during current 2035 comp plan public engagement period
- Reduced impact on community during completion of construction of all Project components

3. Cons

- Need additional Funding (offset by TIB grant if awarded)
 - General Government 3,226,657
 - Impact Fees 351,805
 - Surface Water Utility 18,410
- Opportunity cost to other capital projects competing for City funding

B. Option 2 - Down Scope project while maximizing the use of external funding: Additional need of \$1,257,610 from the General Government Sources. Fund remainder of project over time in future CIPs.

Details of available funding and expenditures for the revised Project are as follows (also included as Attachment G):

					Option 2					
		Revenue (Estimate)			Keep external \$			Funding Necessary		
		FINANCE			ESTIMATED COST			Surplus/(Deficit)		
		Gen Govt	Utility (Surface Water)	TOTAL:	Gen Govt	Utility (Surface Water)	TOTAL:	Gen Govt	Utility (Surface Water)	TOTAL:
Surface Water Improvements	SD 25	-	621,800	621,800		371,687	371,687	-	250,113	250,113
Underground conversion	ST 75	1,817,000	-	1,817,000	2,558,610	132,865	2,691,475	(741,610)	(132,865)	(874,475)
Sidewalks, landscaping and lighting	NM 51	3,524,010	618,500	4,142,510	5,136,707	489,947	5,626,654	(1,612,697)	128,553	(1,484,144)
Intersection Improvements at 132 nd Ave	TR 78	2,090,078	45,500	2,135,578	2,017,522	132,328	2,149,850	72,556	(86,828)	(14,272)
Intersection Improvements at 114 th Ave	TR 79	2,565,400	58,700	2,624,100	1,275,269	61,406	1,336,675	1,290,131	(2,706)	1,287,425
Intersection Improvements at 124 th Ave	TR 80	1,616,239	30,400	1,646,639	1,887,994	134,311	2,022,305	(271,755)	(103,911)	(375,666)
Overlay	ST 06	1,122,000	-	1,122,000	1,468,040		1,468,040	(346,040)	-	(346,040)
Total per improvements		\$ 12,734,727	\$ 1,374,900	\$ 14,109,627	\$ 14,344,142	\$ 1,322,544	\$ 15,666,686	\$ (1,609,415)	\$ 52,356	\$ (1,557,059)

1. Components of the Project that will be completed

- All signal related improvements including 124th Ave NE and 132nd Ave NE which are intersection improvements to support ITS
- ADA compliant ramps at intersections, no continuous sidewalks or lighting
- Curb and gutter to support roadway resurfacing NE 85th St (PCI is 27, Kirkland standard is 70)
- Stormwater controls to improve water quality to Forbes Lake

2. Components of Project that will compete for funding through future CIP updates:

- ADA compliant sidewalks, street lighting and landscaping - \$2,657,755 in today's dollars. Components will be completed as a stand-alone project, economies of scale gained from the combined project will not be realized on this portion of the project and therefore the project will cost more.

3. Pros

- Maximize use of external funding
 - Sound Transit contribution 3,492,116
 - WSDOT contribution 1,122,000
- Supports Congestion Mitigation and Air Quality (CMAQ) grant received for subsequent ITS Project along the corridor ~ \$531,100 (separate project)
- Transportation and roadway improvements realized
- All property necessary will be acquired to support projects in the future

4. Cons

- Need additional Funding - \$1,557,059
 - General Government 1,257,610
 - Impact Fees 351,805
 - Surface Water funds returned (52,356)
- Overall corridor vision not yet realized
- No continuous sidewalk along NE 85th St
- Opportunity cost to other capital projects competing for City funding
- Future need of \$2,657,755 (for a total project of \$5,167,966 in today's dollars)

**C. Option 3 – Stop projects funded with General Government revenue:
Additional need of \$192,069 from the General Government Sources to
close out project. Fund remainder of the project over time in future CIPs.**

1. Components of the Project that have been completed:

- Sidewalks on both sides of 124th Ave NE from NE 80th St to NE 90th St, 114th Ave Intersection
- Underground utility conversion between 120th and 128th
- Property acquisition complete

2. Pros

- Will allow staff to reprioritize projects through upcoming CIP update
- Will allow staff opportunity to seek additional grant funding based on the project's "shovel ready" status
- Minimizes immediate funding need
- Property has been acquired for future improvements

3. Cons

- Need additional Funding to close out what has been completed and finish utility Projects – \$1,324,891

- General Government 192,069
 - Water Utility 1,324,891
 - Surface Water funding sufficient
- External funding lost or at risk - \$2,557,297
 - Sound Transit 1,435,297
 - WSDOT Overlay 1,122,000
- Improvements to accommodate CMAQ ITS grant of \$531,100 will not be completed; therefore, funding must be returned
- Corridor vision not fully realized
- Need to address non ADA compliant existing ramps and sidewalks
- Redevelopment along the corridor will match existing inadequate roadway cross section design
- Future costs will be greater

Depending upon the timing of future elements of the project and whether we could retain the outside funding from Sound Transit and WSDOT, the future cost could range from an additional \$4M to \$7M.

Funding Options

Utilities

The Water and Surface Water utilities have adequate reserves to fund the additional costs attributed to those functions in each option. There are no immediate impacts to the 2013-2014 utilities CIP projects and impacts, if any, will be factored into the next CIP update process.

General Government

Potential sources for the General Government share of costs includes a portion of one or more of the following:

- Compete for a Transportation Improvement Board Grant (Between \$1M and \$2M).
- Capital Contingency Reserve – The reserve balance is \$4.8 million, including the \$2.1 million replenishment that occurred in March 2013.
- REET Reserves not currently programmed in the CIP - The actual 2012 REET 1 receipts exceeded the budget by over \$2.0 million, which has yet to be appropriated for CIP projects. This balance is in excess of REET 1 reserve needs and is eligible for this purpose.
- Year to date sales tax receipts through May 2013 exceed last year's results by \$900,000. The 2013 budget was based on the prior year per Council policy, so these funds are not currently appropriated.
- New Transportation Impact fee reserves are available to fund the impact fee eligible portion of \$351,805.
- Debt financing
- Reprioritized CIP funding - The City 2013-2018 Transportation Capital Improvement Program consists of the following unrestricted funded projects:
 - Annual Street Preservation Program
 - Sidewalk Maintenance Program for 2013 -2014
 - NE 120th Street Roadway Extension (East Section)
 - Annual Striping Program
 - Juanita Drive Corridor Study
 - 100th Ave NE Corridor Study

- Crosswalk Upgrade Program
- Annual Sidewalk Maintenance Program
- Park Lane Pedestrian Corridor Enhancements Phase II
- JFK Non-Motorized Program
- 100th Ave NE/NE 132nd Street Intersection Improvements
- Kirkland ITS Implementation Phase IIC
- Citywide Safety & Traffic Flow Improvements
- Purchase of a Milling Machine

The Milling Machine budgeted at \$500,000 is the lowest priority on the list. The other projects on the current funded list consist of four grant projects (NE 120th St, Park Lane, Kirkland ITS and Citywide Safety & Traffic Flow), important initiative projects (Street Maintenance Levy, Juanita Drive, and JFK Non-Motorized), essential annual programs (Annual Street Preservation Program and the Annual Striping Program), or are already under contract.

Staff recommendation – Proceed with full project after seeking TIB grant

The staff recommendation is to proceed with the full project given its importance to the City, community expectations, and the significant amounts of outside money the full project leverages. Staff recommends that the City first seek a Transportation Improvement Board (TIB) grant this year, prior to proceeding with bids on the whole project. With City Council concurrence, staff will submit a TIB grant application for the NE 85th Street Corridor Project under its current Urban Arterials Program (UAP). The estimated grant request amount will be between \$1M and \$2M in order to maximize the City's competitiveness in the selection process. The application deadline is August 23, and the award selection results will be available near the end of November, 2013.

In order to comply with TIB grant eligibility requirements, the advertisement for contractor bids on the NE 85th Street Corridor Project must occur after the grant selection is made. If selected to receive TIB grant funding, the plans, specifications and a certified engineer's estimate will be presented to TIB staff for immediate approval and its concurrence to advertise for contractor bids. With TIB grant funding, the Project would be advertised as soon as mid-December, followed by a bid opening in mid-January and a City Council award action in February, 2014. Staff would also bring back a proposed financing proposal to cover the rest of the funding gap to the Council in December. Note that the cost numbers provided in this memo are still estimates. Staff will not have final numbers until the project actually goes to bid and completes construction. Under this scenario, construction would begin in March 2014 and be complete by spring of 2015, followed by a complete street overlay during the summer of 2015.

If not selected for TIB funding, the Project would still be advertised in December. Without the benefit of additional grant funding, the City Council will be presented with options and a recommendation as to what to award, based on actual contractor pricing and available city funding. Bid documents will likely be structured to provide bid alternates to allow Council to make choices among scope and schedules. Staff would then bring back a final financing proposal to accomplish the project based on the Council's decisions.

Staff requests City Council concurrence with the recommendation to advertise the NE 85th Street Corridor Project in December after the results of the TIB grant selection process is known.

Lessons Learned

The 85th Street Corridor project demonstrates why Public Works has changed the way we manage large capital projects. At the Council Retreat on June 17, 2013, new systems for managing capital projects were presented and can be found at *Capital Project Management Improvements*.

In summary, new systems for managing large capital projects include:

- establishment of a Steering Committee
- improved coordination with Finance
- development of improved monitoring tools for comparing expenses against budget
- improved claims management
- appropriate use of eminent domain
- improved and more timely reporting to Council
- inclusion of all active projects in each CIP update revised to reflect current information such as inflation

Since the 85th Street Corridor project still has major elements to complete, a Steering Committee has been established including the City Manager, Finance Director, Public Works Director and staff. A new monitoring system has been put in place to evaluate the percent budget spent against the percent of the work actually accomplished every month. Any deviations will be found at an early stage in the project allowing for appropriate adjustments before they accumulate. For example, in hindsight a Steering Committee could have provided guidance on a more appropriate use of the eminent domain authority provided by the Council, which may have resulted in better schedule adherence with lower inflation costs to the entire project. Processes for claims management, use of contingency, and approvals of change orders have also been revised to provide more oversight. Going forward, the 85th Street Corridor project budget will be revised to reflect inflation at each CIP update, and any other unanticipated costs so they do not accumulate at the end of the project. The Public Works/Parks/Human Services Council Committee will receive periodic reports, as will the full Council during CIP Updates and at project authorization milestones.

History of NE 85th Street

April	2001	NE 85th Street sub-area plan adopted
April	2003	Council approves Sound Transit Route 540 project
		Creation of Rose Hill business district advisory group
October	2003	Community completes scope of desired corridor improvements
		Sound Transit agrees to Community scope of improvements
		City of Kirkland provides funding for project starting in 2004
November	2004	City of Kirkland initiates public outreach
December	2004	Completion of Environmental Process/30% design by Sound Transit
		Kirkland assumes project lead role
January	2005	Design Consultant selection by City of Kirkland
March	2005	Zoning Code amendments update
August	2005	Undergrounding Utilities brought to Council
June	2006	Decision to include underground conversion in project
		Draft Condemnation Ordinance
September	2006	Amendment of the 2006-2011 CIP to include Undergrounding utilities
August	2007	Inter-local Agreement between Kirkland/Sound Transit signed
January	2008	First right of way packages sent (27 properties)
February	2008	Access Control issues to Transportation Commission
March	2008	Terminated project consultant due to non-performance
December	2009	Right of way acquisition update
February	2010	Undergrounding 100% Design
		Roadway 30% Design
May	2010	Transfer of SR 908 to Local Jurisdictions Effective 6/10/2010
		Estimated \$1.1 Mill in State funding for overlay
June	2010	Council authorizes Condemnation Ordinance #4245
October	2010	Acquisition update
		Project Schedule update
November	2010	Condemnation Update
February	2011	Intersection improvements NE 85th St/114th Ave NE - Award Contract
October	2011	Authorization to bid utility underground conversion
November	2011	Video Detection - Accept Work
December	2011	Utility Underground conversion - Award Contract
June	2012	NE 85th St./114th Ave NE intersection improvements - Accept work
		Acquisition complete for all parcels associated with Phase I of the project
July	2012	NE 85th Street Watermain Replacement - Authorize Funding
August	2012	Rose Hill Business District Sidewalks - Award Contract

114TH AVE

NE 86TH ST

NE 85TH ST

**85th/114th
Intersection Improvements
Completion: March 2012**

CEDAR ST

2ND AVE

KIRKLAND AVE

N

SLATER STS

**Video Details
Complete**

- 120th A
- 122nd A
- 124th A
- 128th A
- 132nd A

Video Detection System: Completed Oct., 2011

- 120th Avenue NE
- 122nd Avenue NE
- 124th Avenue NE
- 128th Avenue NE
- 132nd Avenue NE

Intersection Improvements

Complete Sidewalks

Watermain Replacement 120th Ave NE to 132nd Ave NE

Surface Water Improvement

Intersection Improvements

Utility Underground Conversion Project 120th Ave NE to 128th Ave NE

Utility Conversion Project Conduit Only 128th Ave NE to 132nd Ave NE



Vicinity Map

NE 85th Street Corridor Improvements Watermain Replacement

**NE 85TH Street Corridor Improvements
Before/After Photos**

124th Ave NE Sidewalks (NM 0051 – Phase 1)



NE 85TH Street Corridor Improvements Before/After Photos

85th & 114th Intersection Improvements (TR 0079)

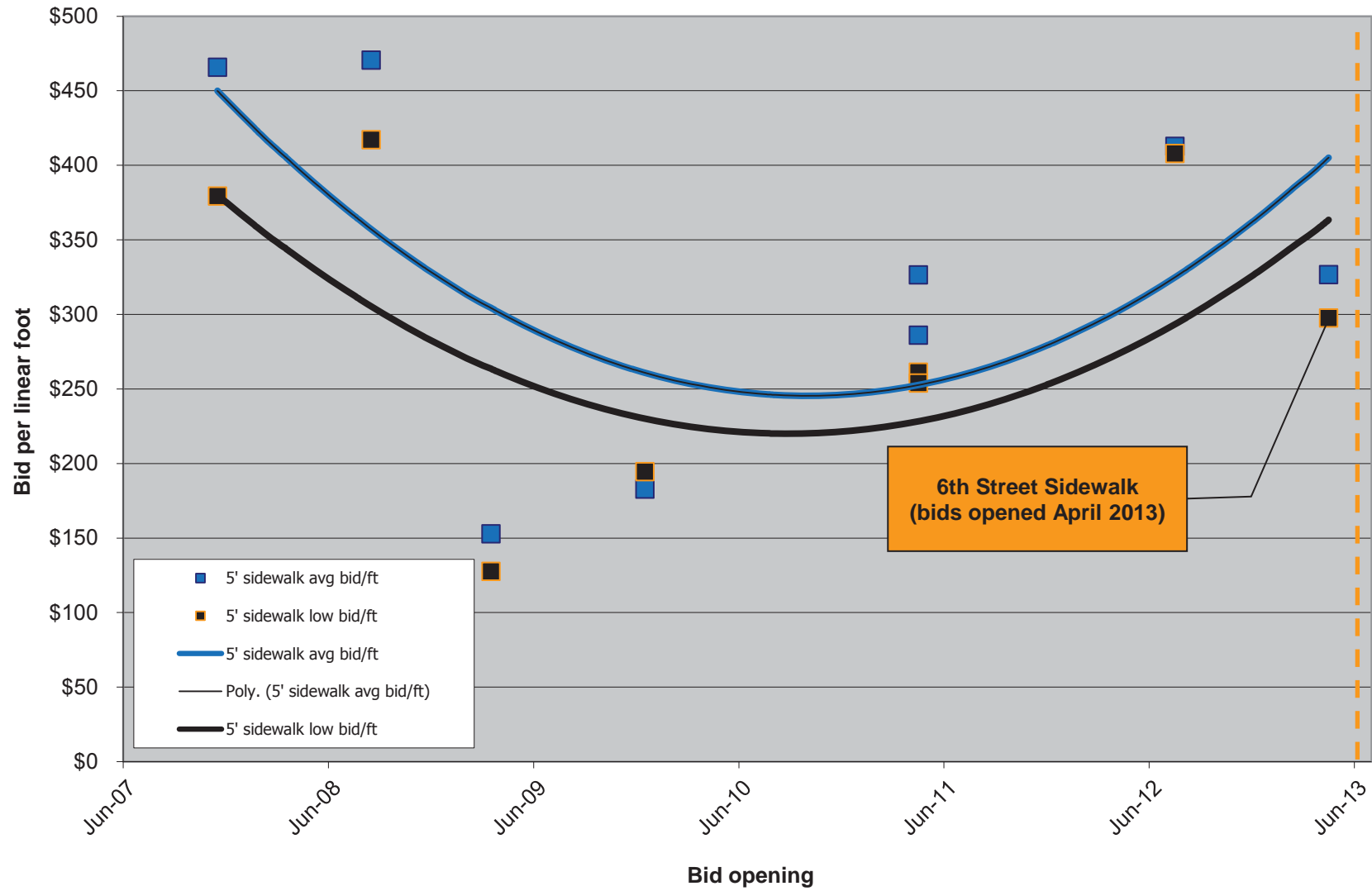


NE 85TH Street Corridor Improvements Before/After Photos

NE 85th Street Undergrounding (ST 0075)

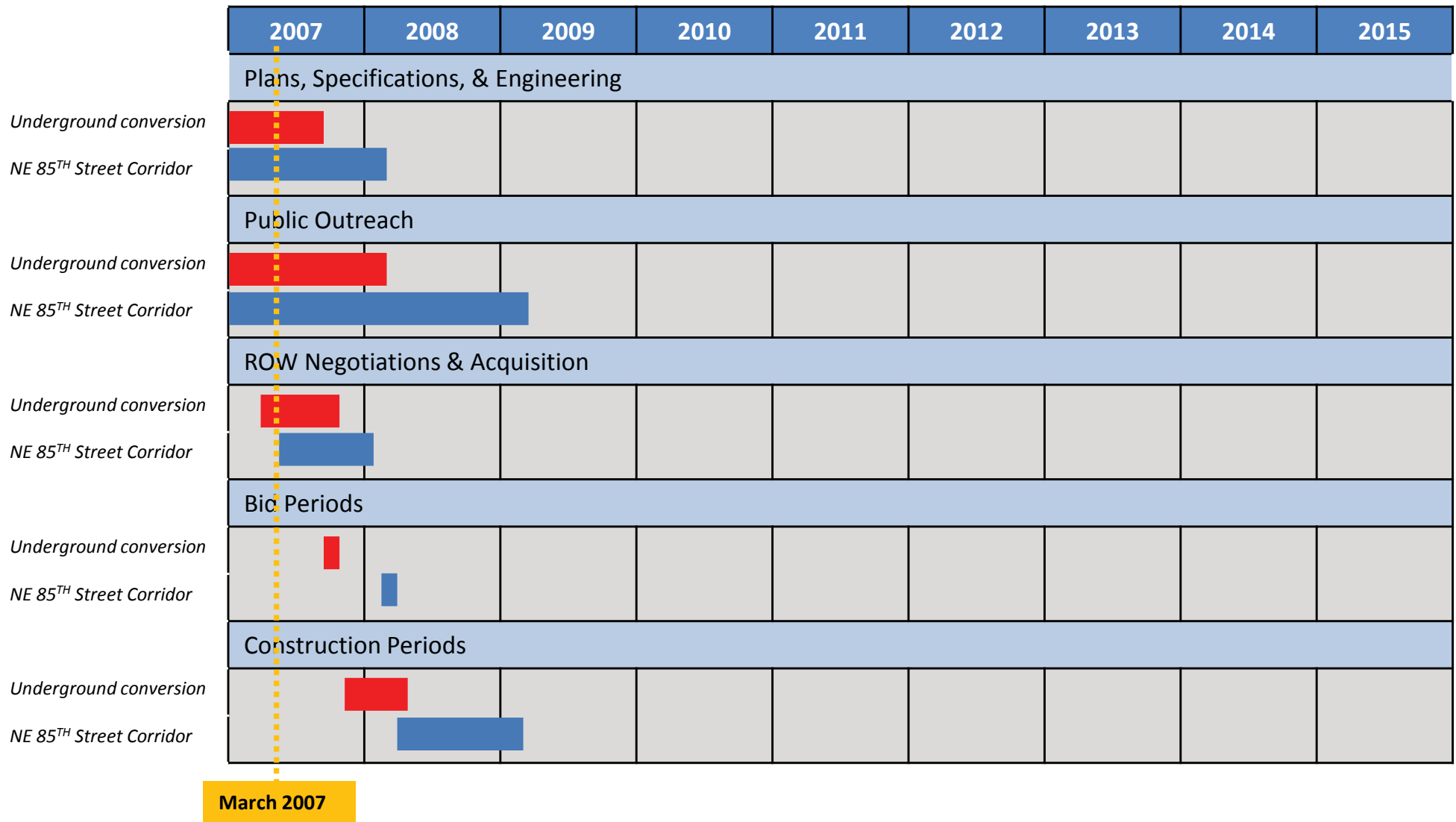


Historical Comparison of Sidewalk Bids 2007-2013



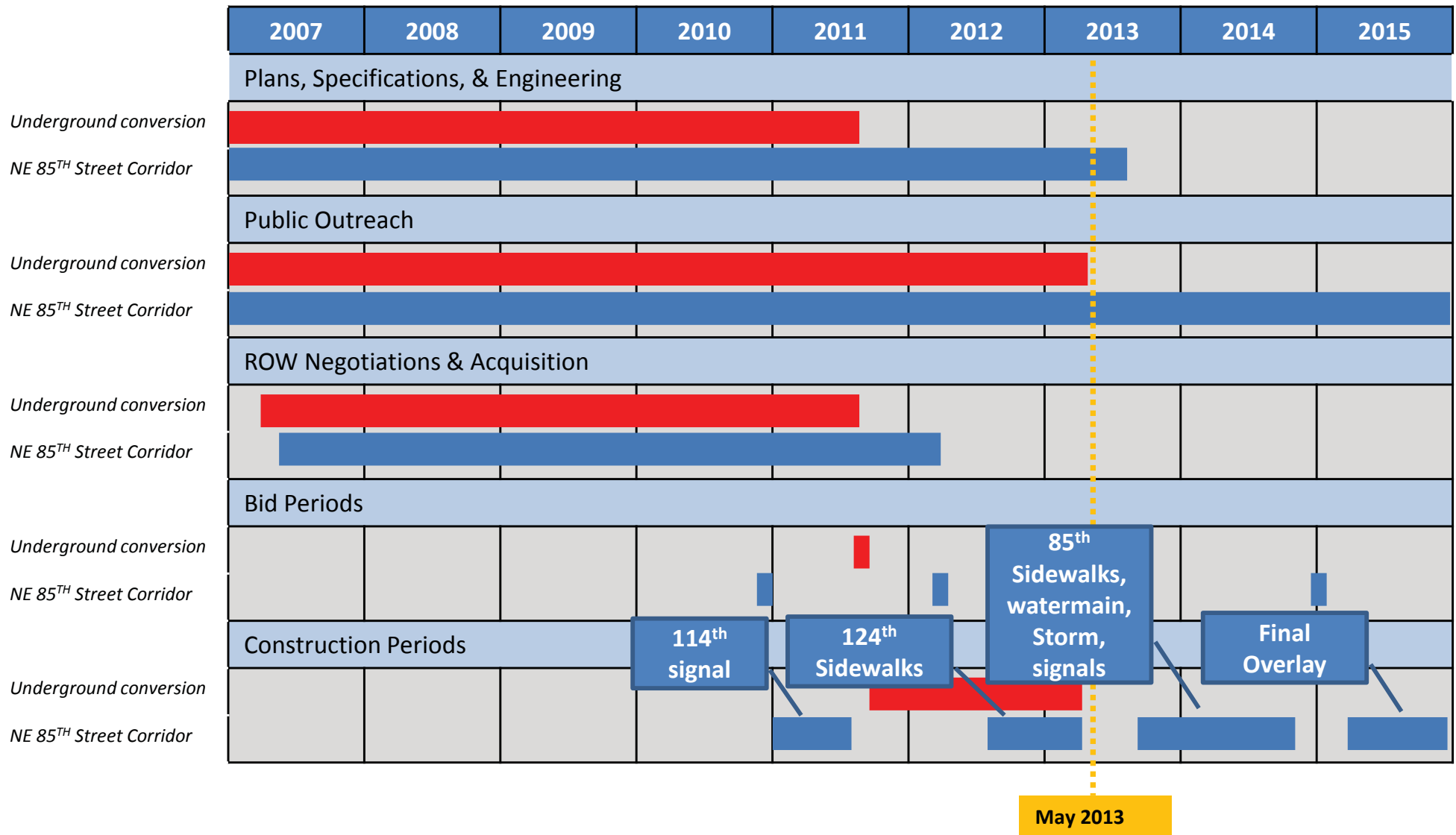
Schedule for Underground Conversion and Sidewalk Projects

Attachment E



**NE 85th STREET CORRIDOR
IMPROVEMENTS PROJECT**

Schedule for Underground Conversion and Sidewalk Projects



**NE 85th STREET CORRIDOR
IMPROVEMENTS PROJECT**

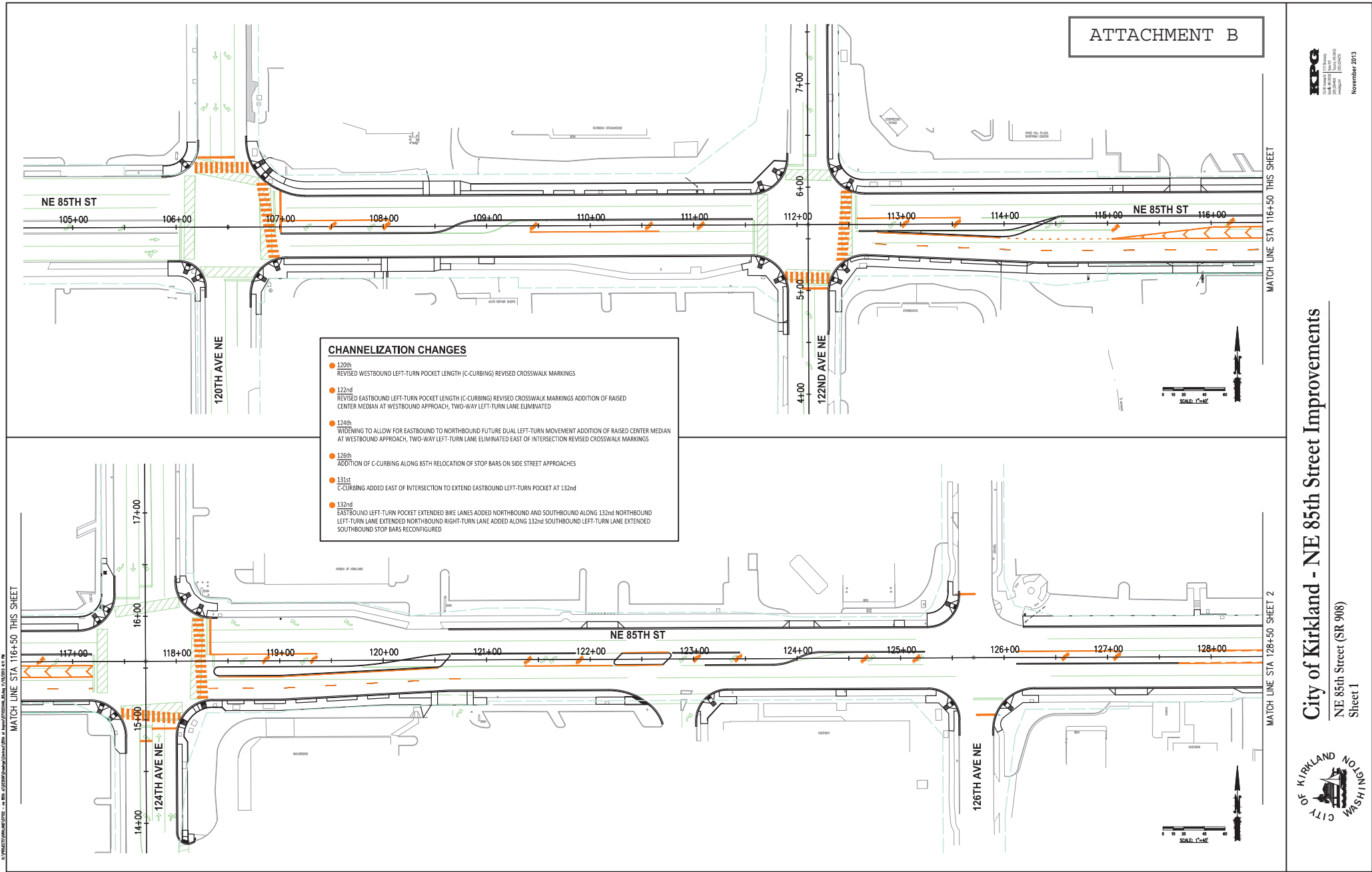
Details of available funding and expenditures by Option

Option 1 ~ Complete as Envisioned

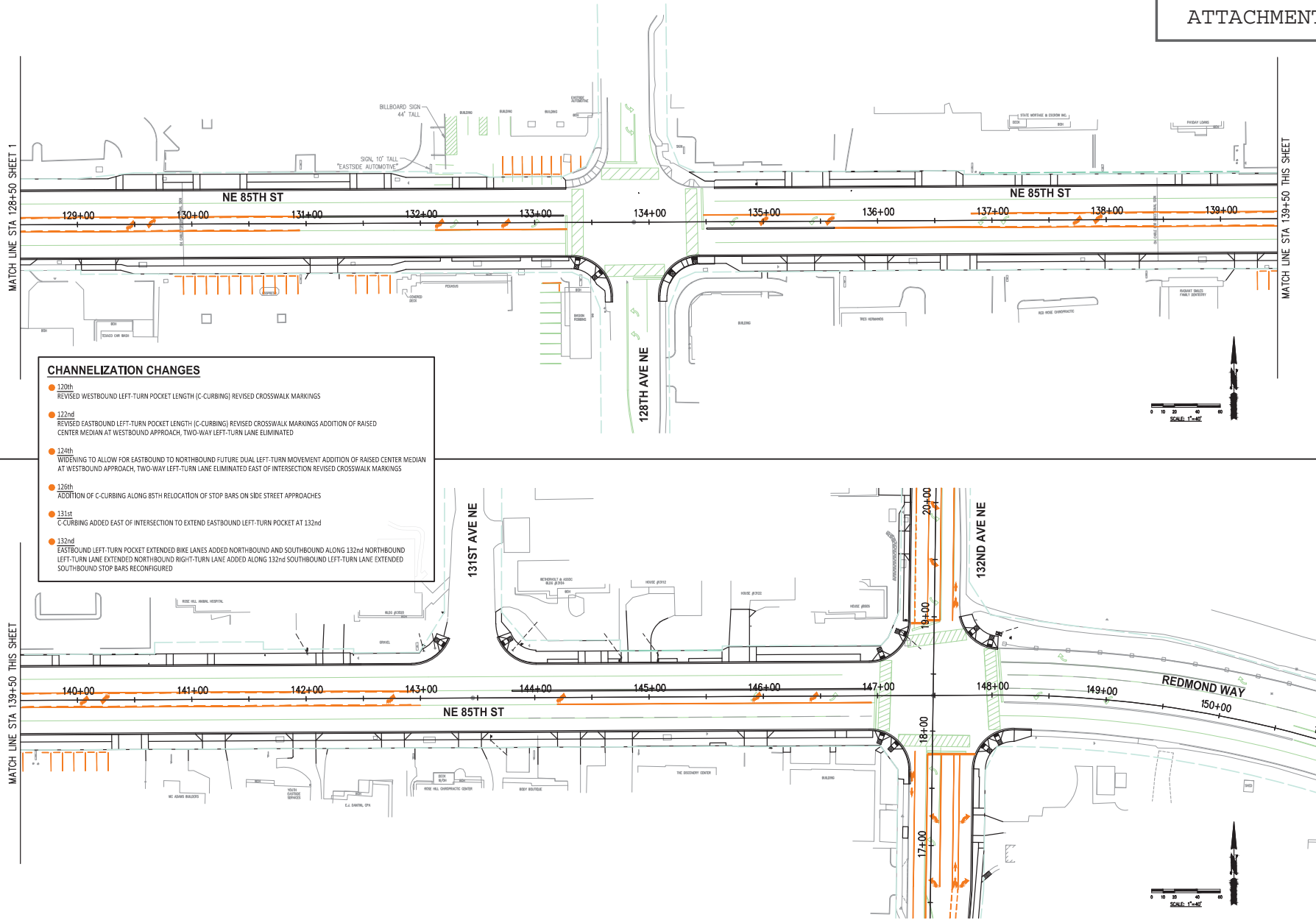
		Revenue (Estimate)			Option 1			Funding Necessary		
					Complete as Envisioned					
		FINANCE			ESTIMATED COST			Surplus/(deficit)		
		Gen Govt	Utility (Surface Water)	TOTAL:	Gen Govt	Utility (Surface Water)	TOTAL:	Gen Govt	Utility (Surface Water)	TOTAL:
Surface Water Improvements	SD 25		621,800	621,800		371,687	371,687	-	250,113	250,113
Underground conversion	ST 75	1,817,000		1,817,000	2,558,610	132,865	2,691,475	(741,610)	(132,865)	(874,475)
Sidewalks, landscaping and lighting	NM 51	3,524,010	618,500	4,142,510	7,105,754	560,714	7,666,468	(3,581,744)	57,786	(3,523,958)
Intersection Improvements at 132 nd Ave	TR 78	2,090,078	45,500	2,135,578	2,017,522	132,328	2,149,850	72,556	(86,828)	(14,272)
Intersection Improvements at 114 th Ave	TR 79	2,565,400	58,700	2,624,100	1,275,269	61,406	1,336,675	1,290,131	(2,706)	1,287,425
Intersection Improvements at 124 th Ave	TR 80	1,616,239	30,400	1,646,639	1,887,994	134,310	2,022,304	(271,755)	(103,910)	(375,665)
Overlay	ST 06	1,122,000		1,122,000	1,468,040		1,468,040	(346,040)	-	(346,040)
Total per improvements		\$ 12,734,727	\$ 1,374,900	\$ 14,109,627	\$ 16,313,189	\$ 1,393,310	\$ 17,706,499	\$ (3,578,462)	\$ (18,410)	\$ (3,596,872)

Option 2 ~ Keep External Funding

		Revenue (Estimate)			Option 2			Funding Necessary		
					Keep external \$					
		FINANCE			ESTIMATED COST			Surplus/(Deficit)		
		Gen Govt	Utility (Surface Water)	TOTAL:	Gen Govt	Utility (Surface Water)	TOTAL:	Gen Govt	Utility (Surface Water)	TOTAL:
Surface Water Improvements	SD 25	-	621,800	621,800		371,687	371,687	-	250,113	250,113
Underground conversion	ST 75	1,817,000	-	1,817,000	2,558,610	132,865	2,691,475	(741,610)	(132,865)	(874,475)
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Overlay	ST 06	1,122,000	-	1,122,000	1,468,040		1,468,040	(346,040)	-	(346,040)
Total per improvements		\$ 12,734,727	\$ 1,374,900	\$ 14,109,627	\$ 14,344,142	\$ 1,322,544	\$ 15,666,686	\$ (1,609,415)	\$ 52,356	\$ (1,557,059)



ATTACHMENT B



FISCAL NOTE*CITY OF KIRKLAND*

Source of Request							
Pam Bissonnette, Interim Public Works Director							
Description of Request							
Request for using \$776,657 from REET 1 Reserves to fund the budget shortfall for NE 85th Street Corridor projects as identified in the attached staff memo.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of \$776,657 from REET 1 Reserve. This reserve is able to fully fund this request.							
Recommended Funding Source(s)							
	Description	2014 Est End Balance	Prior Auth. 2013-14 Uses	Prior Auth. 2013-14 Additions	Amount This Request	Revised 2014 End Balance	2014 Target
Reserve	REET 1 Reserve	4,507,512	297,031	0	776,657	3,433,824	1,071,000
	Prior Authorized Uses of REET 1 Reserves: Totem Lake Master Plan (\$38,000) and Public Safety Building Bid Alternates (\$259,031).						
Revenue/Exp Savings							
Other Source							
Other Information							

Prepared By	Neil Kruse, Senior Financial Analyst	Date	November 25, 2013
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